



NEWS

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Lower B&O Tax Rate to Take Effect for Airplane and Airplane Component Manufacturers

OLYMPIA, Wash., Sept. 12, 2005 — The business and occupation (B&O) tax rate for manufacturers of commercial airplanes and their components will drop 12.5 percent beginning Oct. 1.

The reduction is part of a package of tax adjustments enacted by the 2003 Legislature to ensure that airplane manufacturing remains a major industry in Washington. Several hundred businesses may qualify for the lower rates.

The rate will decrease to 0.4235 percent from 0.484 percent of gross income and remain at that rate until July 1, 2007, or when final assembly of a super-efficient airplane has begun, whichever is later. The rate then will drop to 0.2904 percent for a total 40 percent reduction from the original 0.484 percent rate. The lower rate will remain in effect until June 30, 2024.

Three new aerospace B&O tax classifications have been created to implement the new rate, including manufacturing, wholesaling, and retailing by manufacturers of commercial airplanes or components.

The Department of Revenue is requesting that eligible taxpayers file their tax returns electronically through the Department's E-file system. Businesses can sign up by going to "Online Services" at <http://dor.wa.gov>. The Department will not be listing the new classifications and rates on its excise tax return due to space constraints and the limited number of qualifying taxpayers.

The Department has scheduled four workshops around the state in September and October to provide details on the new rate and other tax issues. The workshops, which are being hosted by local economic development councils, are set for Sept. 13 in Spokane, Sept. 22 in Everett, Sept. 27 in Renton and Oct. 13 in Tacoma. To register for the workshops and get more information on the incentives, please visit <http://dor.wa.gov/>.

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